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SUBJECT: RISING COST OF LIVING IN CHAD'S CAPITAL

SUMMARY

¶1. (U) The prices of basic goods in Chad's capital, N'Djamena, have risen significantly over the past year. The consumer price increase is up 15 percent in the twelve-month March 2008 - March 2009 period; prices for basic grains and cereals rose 25 - 30 percent; home rental rates in the capital rose 56 percent. Worker strikes continue to be common despite a 140 percent raise in the minimum wage in July 2008. This inflation could be due to some combination of rising oil prices in the first half of 2008, shortage in global food stocks, the global financial crisis' effect on trade and credit, competition for goods brought about by increased humanitarian and military presence, and the impact of certain GOC decisions. END SUMMARY.

PRICED BASIC NECESSITIES

¶2. (U) N'Djamena residents have suffered from significant price increases in the capital over the past year. According to Chad's National Institute for Statistics and Economic Study and Demography (INSEED), the consumer price index in N'Djamena increased 15 percent from March 2008 to March 2009. In March 2009 alone, month-on-month inflation was 8.3 percent in Chad, compared with an average 3 percent for the six-state Central Africa Economic and Monetary Union (CEMAC), of which Chad is a member.

¶3. (U) Prices in N'Djamena for staple cereals, including maize, rice, increased 25 to 30 percent between March 2008 and March 2009, according to the Famine Early Warning Systems Network (FEWS-NET). The organization forecasted continued price increases of these staple goods well into 2009 due to a) sustained demand, b) price speculation by local traders, and c) decreasing yields in producing countries limiting supply in the international market.

¶4. (U) GOC decisions in 2008 to demolish homes in some parts of the capital coupled with increased demand created by a large and growing international community have led to increased rental rates in N'Djamena. It is a landlord's market, as demand far outnumbers supply. INSEED data show a 56.1 percent increase in the cost of rental housing from March 2008 to March 2009. The GOC's nationwide, permanent ban on charcoal -- for environmental reasons -- has caused Chadians to turn to more expensive butane gas for basic food preparation, further inflating the cost of living.

COSTLY SUPPLY CHAIN

¶5. (U) Chadians consumers are disadvantaged in any case in the pursuit of low-cost goods. N'Djamena lies at the end of an 850-mile supply route from the Cameroonian port of Doula over which 75 to 80 percent of Chad's imported goods travel. The president of the Development Bank of Central African States recently said that it cost six times more to transport goods from Douala to N'Djamena than to ship those goods from Shanghai to Douala. Transportation costs, as well as both Cameroonian and Chadian import duties, add to resale

prices that are then further affected by rising oil prices (as in the first half of 2008), shortage in global food stocks, the global financial crisis' effect on trade and credit, competition for goods brought about by increased humanitarian and military presence, and the impact of certain GOC decisions.

VOCAL UNHAPPINESS

¶6. (U) Various groups have protested against the rising cost of living and strikes have been prevalent over the past several months. Workers at the Chadian Brewery Company struck in April 2009, demanding salary increases. They also protested the rising prices of beer, which they claim forces consumers over the border to Cameroon where the same bottle can cost 25-30 percent less. Other union strikes that have started over unfair labor practices or poor treatment of colleagues have often devolved to wage and salary protests. These strikes have occurred despite the GOC's 2008 efforts to address the rising cost of living: in July 2008, the GOC raised the minimum wage 140 percent, from approximately USD 52 to USD 124.

¶7. (U) Minimize considered.

NIGRO